



CREATING A BUSINESS PLAN

**Presenter: Claude Grunitzky, Co-Founder & Chairman, TRUE
Entrepreneurship**

Video Transcript

[TEXT: YOUNG AFRICAN LEADERS INITIATIVE
ONLINE TRAINING SERIES]

[TEXT: CREATING A BUSINESS PLAN]

[TEXT: Learning Objectives]

1. Learn the value in creating a business plan.
2. Identify the primary elements needed to make it successful.]

[TEXT: Claude Grunitzky, Co-Founder & Chairman, TRUE:]

My name is Claude Grunitzky, and this is “Creating a Business Plan.”

In this lesson, you will learn the value in creating a business plan and identify the primary elements needed to make it successful.

Writing a business plan is not complicated, but you have to understand the fundamentals. If you have a great idea for an innovative venture and want to start a business based on that idea, you will need to attract team members and secure capital. The best way to do this is with a solid business plan.

To convince others to join you in this exciting adventure, you will have to pitch investors and funders. Before they put up any money, they will ask you many questions about your idea, and you will need the answers! The business plan will help you formulate the responses that will satisfy their questions.

But even before you go out and pitch your idea, the business plan will help you work out the potential issues and come up with solutions. This is important, whether you’re working alone or leading a team.

So what are the primary elements of a business plan? In clear and concise language, your business plan should explain your idea as well as its market potential. It should list the problems that you expect to encounter, and how you intend to solve them. It should detail the risks associated with your venture and how you intend to reduce those risks.

Your business plan should always begin with the sales demand side. For example, if your idea is to sell a new type of battery for mobile phones, you’ll need to make assumptions and determine how many batteries you think you can sell in a given market in the first year. And then in the second, third, and fourth year. By the fifth year, perhaps you will expand into new markets and begin selling different types of batteries and associated services.





Before you can claim that, you will need to do some research and find out the size of the current market for mobile phone batteries. Are there any problems with the batteries currently being sold in the marketplace? If so, you need to list those problems, and explain why your battery is better. Is it because your battery lasts longer, is cheaper, or is solar-powered, for instance?

In your business plan, you will also need to estimate how much your battery will cost to produce, and how much you can sell it for. Your battery can be cheaper than existing batteries, or it can be more expensive if you are convinced that your battery is better than what's on the market.

The business plan will help determine how much capital you need to raise in order to get started and grow your business in the first few years.

Once you've explained the sales demand side, the business plan needs to also list the use of funds. This list should cover how much is needed for research, for salaries, manufacturing, marketing, distribution, and everything else you will need for the company to grow and become profitable.

What makes a successful business plan? Business plans are incredibly useful because they allow you, your team members and your investors to determine whether you're on the right track.

If your market and pricing assumptions are valid, the business plan will help you affirm your business opportunity.

The reason most successful entrepreneurs go through the process of business planning is because it allows them to step back and think through the important issues associated with an abstract or unproven idea. Having thought through these important issues, the entrepreneur is in a better position to persuade new team members, investors and other stakeholders of the value of that idea.

The best business plans demonstrate that the founding entrepreneur has a great idea, has identified an innovation, and has a passion for that new product or service. Because the plan forces the entrepreneur to put the business under scrutiny, investors will be reassured that the entrepreneur has done his or her homework, has assessed the risks, and laid down a sequence of decisions geared towards establishing a growing market share.

Of course, entrepreneurs should know that things don't always go according to the business plan, and that they should prepare for contingencies.

By demonstrating potential demand and an ability to produce goods or deliver services at a profit, the budding entrepreneur will see the exercise of writing a business plan as a great way to show that there is a real opportunity, and that he or she has a game plan to exploit it.

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